County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

February 19, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum provides an update on the following:

- **Pursuit of County Position to Support AB 272 (Gomez).** This measure would require every owner to vaccinate their dog for rabies after the dog is three months of age. Current law requires dogs to be vaccinated after four months of age. This measure would align California law with Federal guidelines and all other states which allow or require dogs to be vaccinated for rabies at three months of age. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals to conform California's rabies vaccination requirements to Federal laws, regulations, and guidelines, **the Sacramento advocates will support AB 272.**

- Information on a hearing regarding Medi-Cal Program expansion which will be conducted by the Senate Budget and Fiscal Review Committee on February 21, 2013.

- A report on proposals relating to Enterprise Zone Regulatory Reform.

Pursuit of County Position on Legislation

AB 272 (Gomez), which as introduced on February 7, 2013, would require every owner to vaccinate their dog for rabies after the dog is three months of age. Under current law, dogs must be vaccinated after four months of age.

According to the Department of Public Health (DPH), the U.S. Department of Agriculture (USDA) has modified canine rabies vaccine guidance to allow the administration of the vaccine to dogs at three months of age. DPH indicates that California is the only state that has not adopted the revised USDA guidelines. AB 272 would bring California into alignment with the rest of the states and Federal rabies vaccination guidelines. This would reduce conflict with Federal dog importation regulations and allow for shorter animal import quarantines. DPH also reports that locally there has been a four-fold increase in bat rabies. AB 272 would allow the public health officer to recommend earlier vaccination when the risk of rabies transmission is elevated, thus protecting public safety and the health of County residents.

This office, the Department of Public Health and the Department of Animal Care and Control support AB 272. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals to conform California's rabies vaccination requirements to Federal laws, regulations, and guidelines, **the Sacramento advocates will support AB 272.**

Currently there is no registered support or opposition on file for AB 272. This measure is awaiting assignment to a policy committee.

Senate Budget and Fiscal Review Committee Hearing on the Medi-Cal Expansion

On February 21, 2013, the Senate Budget and Fiscal Review Committee will conduct an information hearing titled: "Evaluating State and County Risks and Responsibilities for Medi–Cal Simplification and Expansion under the Affordable Care Act."

Among those expected to testify are: Dr. Mitch Katz, Director of the Department of Health Services; Ken Yeager, Santa Clara County Supervisor and CSAC Health and Human Services Committee Vice Chair; representatives from the Administration, the Legislative Analyst's Office, and health plans, as well as, experts on the population of people who will remain uninsured.

Enterprise Zone Program Regulatory Reform

The Brown Administration has proposed a number of regulatory changes to update and modernize the Enterprise Zone Program by streamlining the program's voucher process and prohibiting retroactive application for program benefits. Governor Brown referenced these proposals in his FY 2013-14 January Budget, and the Department of Housing and Community Development (HCD) has released the text of the proposed amendments to the statutes governing the Enterprise Zone Program. In addition to using the rulemaking process to make the proposed changes, the Administration has indicated that it intends to pursue additional reforms to the Enterprise Zone Program through legislation.

Under existing law, the Enterprise Zone Program (EZ Program) provides special incentives designed to encourage business investment and promote the creation of new jobs. The purpose of the EZ Program is to stimulate economic development in depressed areas of the State by providing tax incentives to businesses that hire "qualified persons" - including veterans, recipients of public assistance, those who are disabled, and members of other eligible groups. Each Enterprise Zone is administered by its local jurisdiction working with local agencies and business groups to promote economic growth through business expansion, attraction and retention. Participation in the program by individuals and private businesses is voluntary. HCD has administered the EZ Program since January 1, 2004.

In 2011, the Governor proposed eliminating the EZ Program, citing evidence that it was not creating jobs and a desire to move responsibility for economic development efforts to local jurisdictions. That plan was rejected by the Legislature. In the years since, HCD has reviewed the relevant statutes and regulations and solicited input from stakeholders to identify areas where reforms could be implemented. HCD has identified the following issues related to EZ Program and its implementation:

- Enterprise Zones create too few jobs - the Legislative Analyst Office (2005) and the Public Policy Institute of California (2009) have both produced reports that indicate that Enterprise Zones have little if any impact on the creation of new economic activity or new jobs;

- Retroactive vouchering - 30 percent of all Enterprise Zone voucher applications are retroactive, where employers claim tax credits by amending prior year returns. This practice results in a significant cost to the State General Fund and rewards employers for past hiring decisions that were not incentivized by the EZ Program;

- Insufficient accountability - the State does not adequately measure the success of the Enterprise Zone Program, nor does HCD have adequate tools to ensure compliance with applicable statues and regulations.

The Department of Housing and Community Development has proposed a regulatory package to address these issues and improve the implementation of the EZ Program. These changes include:

- **Streamline vouchering process:** HCD will make it easier for companies to receive vouchers for decisions to hire veterans, the disabled, and recipients of public assistance.

- **Eliminate retroactive vouchering:** HCD will issue a regulation requiring voucher applications to be made within one year from an employee's date of hire.

- **Keep Enterprise Zones accountable:** These proposed regulations will facilitate the collection of data on vouchering statistics to evaluate the Program, audit local Enterprise Zones, and potentially decertify noncompliant Enterprise Zones.

The Department of Housing and Community Development will hold a series of public hearings throughout the State during the month of February to solicit comments on the reform proposals.

The proposed regulations are projected to save $40.0 million for the State General Fund in the first year of their implementation, and a total of $310.0 million over the first five years of implementation.

This office will continue to monitor the regulatory and legislative efforts to reform the Enterprise Zone Program and work with the Community Development Commission to analyze any potential impact to the County.

We will continue to keep you advised.

WTF:RA
MR:VE:AO:ma

c: All Department Heads
Legislative Strategist